



Benevolent and Protective  
Order of Elks of the USA



Postal Regulatory Commission  
Submitted 3/20/2017 4:00:02 PM  
Filing ID: 99482  
Accepted 3/20/2017

March 19, 2017

Postal Regulatory Commission  
901 New York Avenue NW, Suite 200  
Washington, DC 20268-0001

RE: RM2017-3, a comprehensive evaluation of the ratemaking system provided within 39 U.S.C. 3622.

Dear Commissioners:

The Elks Magazine is a Nonprofit Periodical, the official publication of the 800,000 members of the Benevolent and Protective Order of Elks of the USA, a 501(c)8 charitable, patriotic, 149-year-old Fraternal Order. The Elks National Foundation (ENF), a 501(c)3, raises funds by Nonprofit Standard and First Class Mail among members the Order, not the public. Over the years, the ENF has built an endowment from which only earnings are disbursed. We maintain a low 7.7% overhead ratio with annual program expenditures of approximately \$30 million involving community service projects, scholarships, Veterans and youth programs. The Order's combined postage is in range of \$4 million, including approximately 48 Elks state newspapers and over 1,900 Local Lodge bulletins.

We join others in mentioning that low postage encourages our charitable impact, and higher postage discourages it by increasing our communication and fundraising costs, thereby lessening the programmatic impact within our area of involvement.

The Elks strongly supported the postal rate-making CPI-U cap established by the 2006 PAEA. Prior to this—and indicative of the rate-making havoc of pre-CPI-U cap era—the Elks identified the Nonprofit Periodicals rate anomaly in 1999 which became a part of S. 2686, a Senate Bill, then Public Law 106-384, transforming the rate-making process for Nonprofit Periodicals and Nonprofit Standard Mail in 2000. Instead of a separate rate analysis for Nonprofits, postage became a fixed discount from commercial rates.

Our view is that mail continues to be economically feasible so long as there is a steady and predictable rate-making process, one which acknowledges that mailers are subject to the same broad economic realities facing the USPS. The rate making review should focus only on the long-term systemic context, aside from the distortion of the 2006 PAEA scoring and legislative concession which lead to an accelerated pre-funding of USPS retiree healthcare, for example. This, and similar derived issues facing the USPS are the direct business of Congress, acknowledged by current bills addressing retiree healthcare and bringing Medicare forward, among others. The House bill is fully informed of the delegated PRC rate-making authority and the 10-year review. Despite this, a postage rate increase is included in HR 756. If the PRC approaches this review broadly, mailers face double jeopardy.

Given the USPS' behavior in the recent exigent rate case, it is their desire to engage any means to enhance revenue, be it before the Commission, the Courts or legislatively. Any degradation of the CPI-U cap will result in a return to the wild west of omnibus rate cases which were the status quo. Mailers no longer wish to lawyer-up and go to war over postage rates.

The Great Recession was a stress test of the CPI-U rate cap. With the infusion of exigent revenue, limited borrowing, network reorganization and head-count reduction through attrition, the USPS is achieving revenue slightly better than controllable expenses. They are progressing with delivery vehicle replacement and making great strides in delivery performance. Without the discipline of the cap, we shudder to think where we would be otherwise.

The CPI-U cap promises enhanced revenue for the USPS. It was designed in a +3% era. With continued economic progress, the trough of sub 1% CPI-U may be over.

We strongly urge the Commission to take a long-term, systemic view of the current rate-making law which has served mailers and the USPS well, and stay the course.

Sincerely,

A handwritten signature in black ink that reads "Phil Claiborne". The signature is fluid and cursive, with the first and last names being more prominent.

Phil Claiborne  
Director of Circulation  
The Elks Magazine  
425 W. Diversey Pkwy  
Chicago, IL 60614-6196  
p: (773) 755-4910 (w)  
e: PhilC@Elks.org